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TN REGULATORY AUTHORITY  
DOCKET ROOM

February 6, 2003

Joe Werner  
Tennessee Regulatory Authority  
460 James Robertson Pkwy  
Nashville, Tennessee 37243-0505

03-00060

Re: *Data Request Response for BellSouth Welcoming Reward Tariff*

Dear Joe:

The following is responsive to your letter of February 4, 2003 requesting information relating to BellSouth's *Welcoming Reward* program introduction:

1. BellSouth has compiled cost justification demonstrating that revenues expected from the *Welcoming Reward* program exceeds the long-run incremental costs of providing the program and associated services. We are happy to meet with staff to discuss this cost justification at a convenient time for you. We have not attached it to this filing, as we do not have in place currently any non-disclosure agreements with either Mr. Walker's clients or with the Consumer Advocate for the protection of cost information of this nature.

2. The *Welcoming Reward* program provides for termination liability consistent with BellSouth's termination liability tariff. Calculation of termination liability is consistent with BellSouth's established tariff. The following are example calculations for assessing termination charges in connection with the program. In the event that a customer terminates its business with BellSouth within the 90-day period addressed by the modification of BellSouth's tariff filed on February 4, 2003 the customer will not be subject to termination liability.

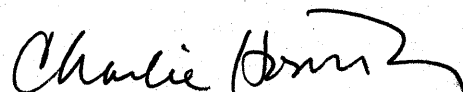
For a customer who terminates its contract at the end of six months, termination liability would be calculated as follows. Customers can terminate for cause any time during the contract with no termination liability. Customers who terminate contracts at the end of six months with no cause would be subject to the termination liability set forth in BellSouth's tariff. Pursuant to that tariff, the customer would be required to repay the (a) lessor of the pro-rated amount of the award received, or (b) six (6) percent of the

total contract value. Under (a), the reward received by a customer with five business lines pursuant to this program is \$500. This award would be repaid at a pro-rated amount of one-half, based on the customer's performance of only one-half of the contract. Accordingly, the customer would repay BellSouth \$250. Under (b), the total contract value is \$2,064.50, and six percent of that amount is \$123.87. Therefore, a customer who terminates the contract without cause at the end of six months would pay a termination liability charge not to exceed \$123.87.

A customer canceling its contract at the end of nine months with cause would be subject to no termination liability. A customer who terminates his contract without cause at the end of nine months would be subject to termination liability as described in Item 2 above. Customers can terminate for cause at any time during the contract with no termination liability. Under (a), because the customer performed three-fourths of its contract obligation, the award to be repaid would be pro-rated, and the customer would be responsible for repaying \$25 per business line or \$125. However, under (b), six percent of the total contract value would again be \$123.87. Therefore a customer would be subject to a termination liability charge of no more than \$123.87.

3. BellSouth has adopted the use of a ten-day window for refraining from engaging in any win-back activities in Tennessee. This ten-day window begins the date that service has been provided to a customer by a competitive local exchange carrier. BellSouth adheres to this policy with respect to marketing and deploying of the *Welcoming Reward* program.

Sincerely,

A handwritten signature in cursive script, appearing to read "Charlie Howorth", with a stylized flourish at the end.

Charlie Howorth

CH/kjh